

The Economic Costs of Substance Abuse

**Economic
Costs**

United States

Washington

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The Economic Costs of Substance Abuse in the United States

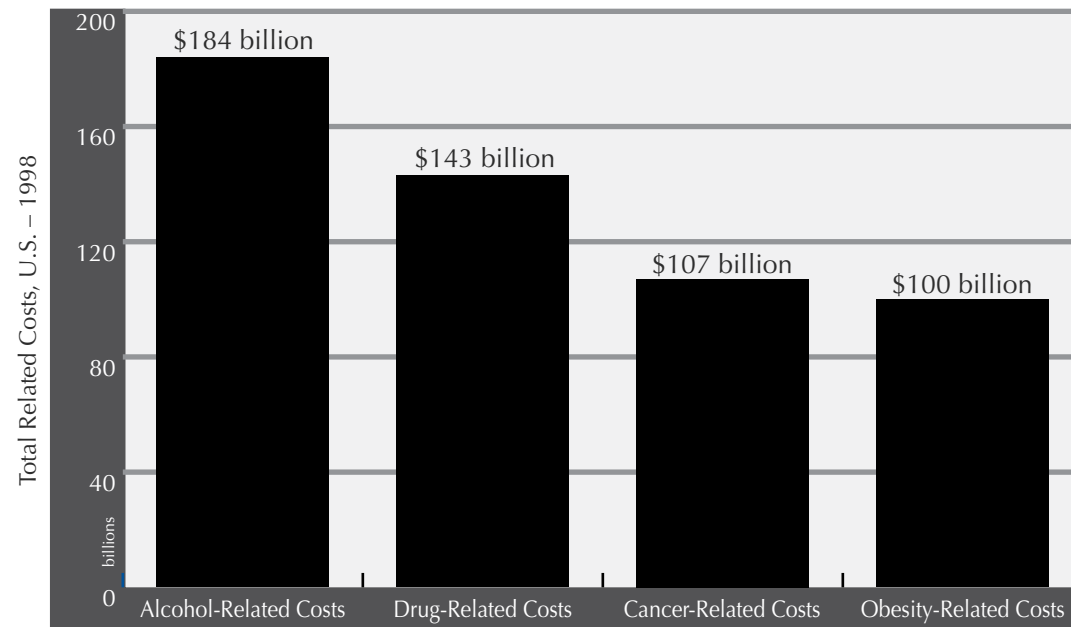
Two studies – one sponsored by the National Institute on Alcohol Abuse and Alcoholism, the other by the White House Office of Drug Control Policy – estimate the total economic costs of alcohol and drug abuse in the United States at \$328 billion in 1998.¹

Among the studies' key findings were:

- Alcohol abuse accounted for 56.3% of the total economic costs; 43.7% were attributable to drug abuse.
- More than 55,000 deaths were attributable to substance abuse, 65% of them to alcohol.
- Total medical costs related to alcohol and drug abuse (\$31.8 billion) were approximately two-and-a-half times that spent on substance abuse treatment (\$12.9 billion).
- Of the \$143.4 billion in economic costs related to drug abuse, 69% were in lost productivity, 9% in health care costs, and 22% in other costs, including the costs of crime, police, and the criminal justice system.
- Health costs related to alcohol abuse (\$18.9 billion) were 68% higher than for drug-related health costs (\$12.9 billion).
- Only 3.9% of total economic costs were for alcohol/drug treatment.

¹ Harwood, H. *Updating Estimates of the Economic Costs of Alcohol Abuse in the United States: Estimates, Update, and Data*. Rockville, MD: U.S. Department of Health and Human Services, U.S. Public Health Service, National Institutes of Health, National Institute on Alcohol Abuse and Alcoholism, 2000; Office of National Drug Control Policy. *The Economic Costs of Drug Abuse in the United States, 1992-1998*. Washington, DC: Executive Office of the President, 2001.

Alcohol Abuse and Alcoholism Cost the Nation Substantially More than Cancer, Obesity, or Drug Abuse and Addiction.

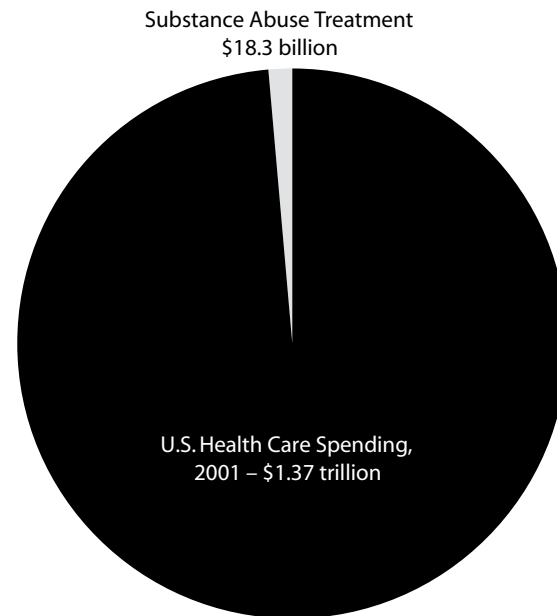


Source: Harwood, H., *Updating Estimates of the Economic Costs of Alcohol Abuse in the United States: Estimates, Update, and Data*. Rockville, MD: National Institute on Alcohol Abuse and Alcoholism, 2000.

While drug abuse and addiction often receive more public attention, national costs related to alcohol abuse and alcoholism (\$189.0 billion in 1998) – including morbidity and mortality, health care costs, crime and criminal justice costs, and lost productivity – are 28.3% higher than drug abuse and addiction-related costs (\$143.4 billion).



Nationally, Only 1.3% of the Almost \$1.4 Trillion Spent on Health Care in the United States Goes for Substance Abuse Treatment.

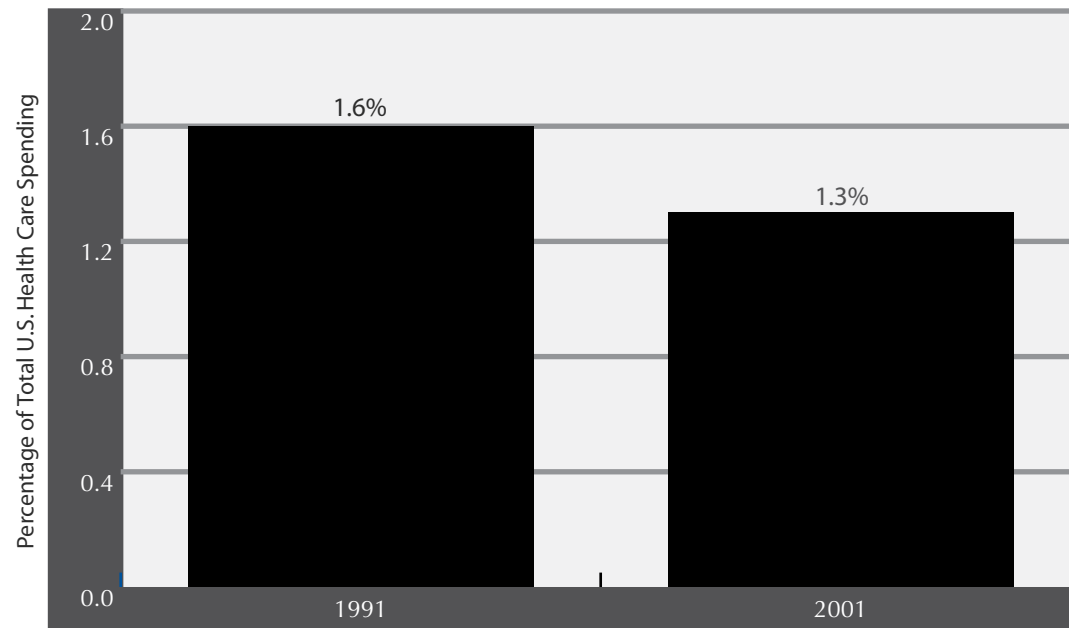


Source: Mark, T. et al., "U.S. Spending for Mental Health and Substance Abuse Treatment, 1991-2001." *Health Affairs* – Web Exclusive, 2005.

A 2005 study published in the journal *Health Affairs* found that of the \$1.37 trillion spent on health care in the United States in 2001, only \$18.3 billion (1.3%) went for substance abuse treatment.

Despite scientifically demonstrated cost offsets in decreased mortality, lower crime and criminal justice costs, higher worker productivity, less reliance on public assistance and other social services, fewer medical and psychiatric hospitalizations and emergency room visits, and lower health care costs, chemical dependency treatment remains extremely underfunded at both the state and federal level.

As a Percentage of Total U.S. Spending on Health Care, Spending on Substance Abuse Treatment Declined 14.5% Between 1991 and 2001.



Source: Mark, T. et al., "U.S. Spending for Mental Health and Substance Abuse Treatment, 1991-2001." *Health Affairs* – Web Exclusive, 2005.

A 2005 study published in the journal *Health Affairs* found that as a percentage of the total spent on health care in the United States, spending on substance abuse treatment fell from 1.6% in 1991 to 1.3% in 2001, representing a 14.5% decline.

Substance abuse treatment has been scientifically proven to produce cost offsets in decreased mortality, lower crime and criminal justice costs, higher worker productivity, less reliance on public assistance and other social services, fewer medical and psychiatric hospitalizations and emergency room visits, and lower health care costs. Despite this, chemical dependency treatment remains extremely underfunded at both the state and federal level. Of the \$4,851 spent per person on health care in the U.S. in 2001, only \$65 went for substance abuse treatment.¹

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The Economic Costs of Substance Abuse in the Washington State

A study commissioned by the Division of Alcohol and Substance Abuse estimated the total economic costs of alcohol and drug abuse in Washington State at \$5.21 billion in 2005, a 105% increase over 1996. This represents \$832 for every non-institutionalized resident in the state, an inflation-adjusted per capita increase of 47% over 1996.¹

Among the study's key findings were:

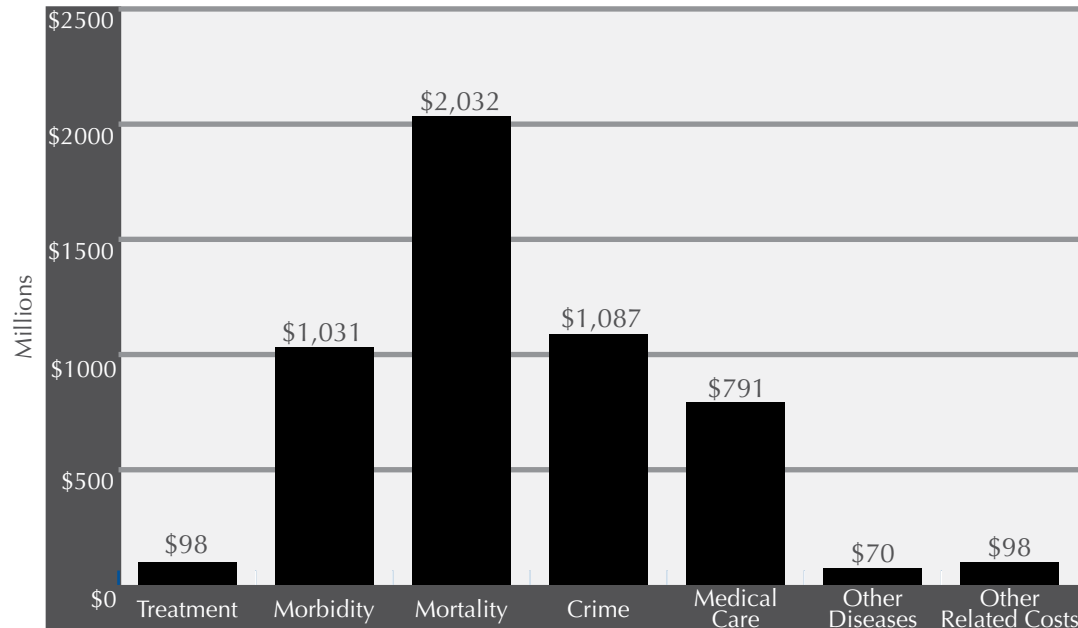
- *Alcohol abuse accounted for 56% of total economic costs; drug abuse for 44%.*
- *There were 3,244 deaths in Washington State in 2005 caused by or related to alcohol or drug abuse, representing approximately 89,000 years of potential life lost.*
- *Of the 3,244 deaths, 2,388 (74%) were alcohol-related, and 836 (26%) were drug-related.*
- *Leading causes of substance abuse-related deaths were accidental drug-related poisoning (677 deaths), alcohol-related cirrhosis and liver damage (437 deaths), and suicide (233 deaths).*
- *Of 154 arrests for homicide, 48 (31%) were alcohol-related, and 24 (16%) were drug-related.*
- *Of 5,128 arrests for felonious assault, 1,379 (27%) were alcohol-related, and 513 (10%) were drug-related.*
- *There were approximately 39,000 hospital discharges classified as alcohol- or drug-related, representing an increase of 140% since 1996. Total cost of treating these hospital cases was \$377 million, of which \$316 million (84%) resulted from diseases and injuries classified as alcohol-related.*
- *Total estimated alcohol- and drug-related crime costs in 2005 doubled from \$541 million in 1996 to \$1.087 billion in 2005.*

¹ Wickizer, T. *The Economic Costs of Drug and Alcohol Abuse in Washington State*, 2005. Olympia, WA: Washington State Department of Social and Health Services, Division of Alcohol and Substance Abuse, 2007.

Costs Related to Mortality, Crime, and Morbidity Represent the Largest Economic Costs of Drug and Alcohol Abuse.



Economic Costs of Drug and Alcohol Abuse in Washington, 2005



Source: Wickizer, T., *The Economic Costs of Drug and Alcohol Abuse in Washington State, 2005*. Washington State Division of Alcohol and Substance Abuse, 2007.

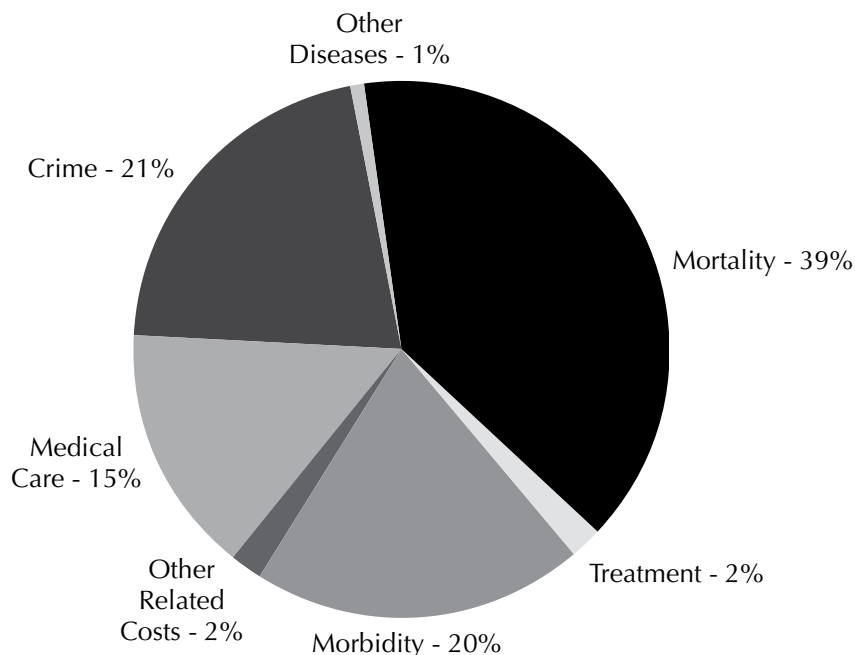
This graph indicates that mortality-, crime-, and morbidity-related costs represented the largest economic costs of substance abuse in 2005. The estimated cost per death measured in terms of lost income was \$630,000. Medical care costs (\$791 million) - including hospital, outpatient medical care, prescription drugs, nursing homes, and other professional costs - were almost four times what they were in 1996 (\$211 million).¹

¹ Wickizer, T. *The Economic Costs of Drug and Alcohol Abuse in Washington State, 2005*. Olympia, WA: Washington State Department of Social and Health Services, Division of Alcohol and Substance Abuse, 2007.



Treatment Represented Only 2% of the Total Economic Costs of Alcohol and Other Drug Abuse in 2005.

Distribution of Drug and Alcohol-Related Costs

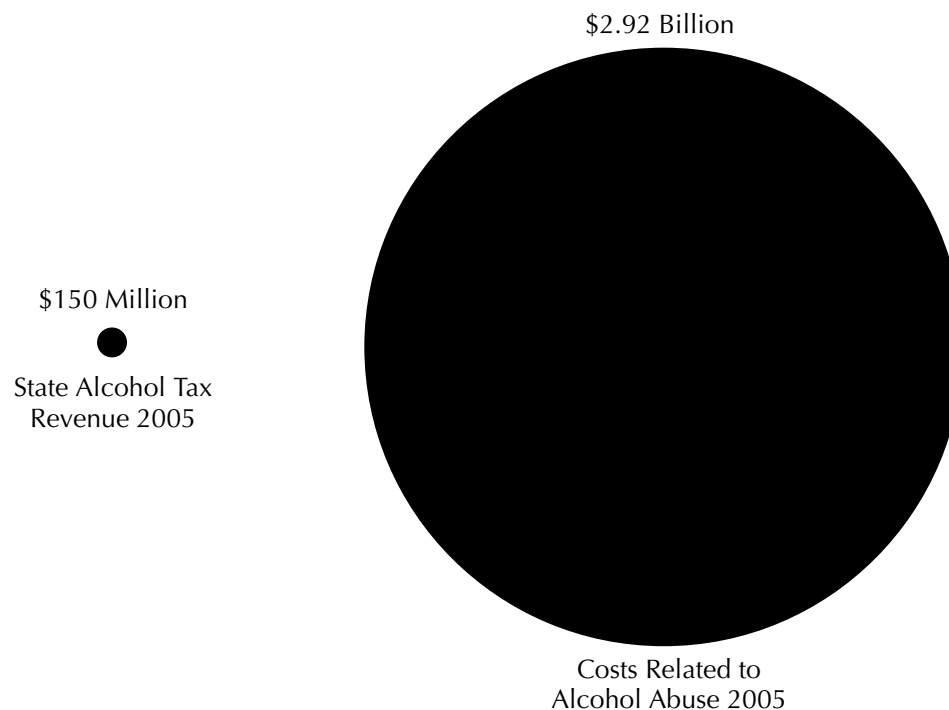


Source: Wickizer, T., *The Economic Costs of Drug and Alcohol Abuse in Washington State, 2005*. Washington State Department of Social and Health Services, Division of Alcohol and Substance Abuse, 2007.

This chart indicates that alcohol and drug treatment represents a very small fraction (2%) of the total economic costs of substance abuse in Washington State.¹ Yet, data — much of which is contained in this report — indicate that treatment can contribute significantly to lower morbidity and mortality, decreased crime, increased employment and higher worker productivity, reduced spread of infectious diseases, and lower medical costs. Alcohol and drug treatment continues to be a wise investment in the health and safety of communities, and the economic vitality of Washington State.

¹ Wickizer, T. *The Economic Costs of Drug and Alcohol Abuse in Washington State, 2005*. Olympia, WA: Washington State Department of Social and Health Services, Division of Alcohol and Substance Abuse, 2007.

Costs Related to Alcohol Abuse in Washington State in 2005 were Approximately 20 Times Greater than Revenues Received from State Alcohol Taxes.



Source: Wickizer, T., *The Economic Costs of Drug and Alcohol Abuse in Washington State, 2005*. Washington State Department of Social and Health Services, Division of Alcohol and Substance Abuse, 2007.

In fiscal year 2005, approximately \$150 was gathered through state alcohol taxes levied on beer, wine, and spirits. This is 53% more than the total (\$98 million) spent by the state on alcohol and drug treatment combined.¹



Impacts of Substance Abuse on the Washington State Budget

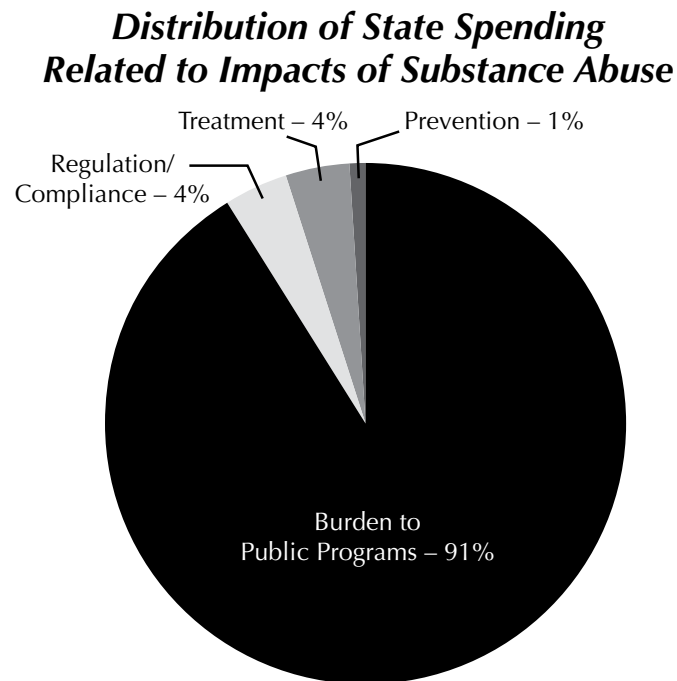
A 2001 study conducted by the National Center on Addiction and Substance Abuse at Columbia University (CASA) estimated 1998 state government spending on the consequences of substance abuse in Washington State at \$1.5 billion. Only 4% of that total was spent on prevention and treatment.¹

Other key findings of the study included:

- *Nationally, of a total of \$620 billion in state government spending, \$81.3 billion (13.1%) was used to deal with substance abuse and addiction.*
- *Of every such dollar spent by states, 96 cents went to “shoveling up the wreckage of substance abuse and addiction”; only four cents were used to prevent and treat it.*
- *Combined, states spent 113 times as much to deal with the devastation substance abuse and addiction wrought upon children as they did to prevent and treat it.*
- *Of the \$25 billion spent on dealing with the impacts of substance abuse on children, \$16.5 billion was borne by the public education system; another \$5.3 billion was spent on services for children who were victims of substance abuse and neglect; and almost \$3 billion was spent serving substance-involved youth in states’ juvenile justice systems.*
- *Each American paid \$277 per year in state taxes to deal with the burden of substance abuse and addiction within social programs, and only \$10 for prevention and treatment.*

¹ National Center on Addiction and Substance Abuse at Columbia University. *Shoveling Up: The Impact of Substance Abuse on State Budgets*. New York, NY: 2001.

Of the \$13.9 Billion in Washington State Government Spending in 1998, \$1.5 Billion (10.9%) was Spent on Services Related to Impacts of Substance Abuse.

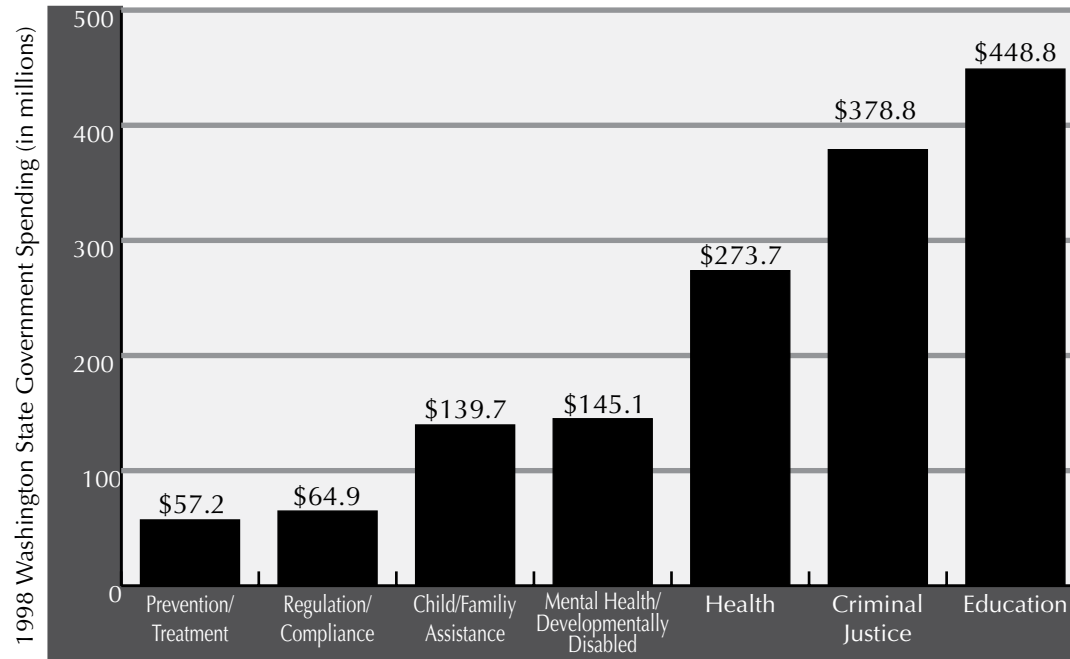


Source: Data from National Center on Addiction and Substance Abuse at Columbia University, *Shoveling Up: The Impact of Substance Abuse on State Budgets*, 2001.

In 1998, the \$1.51 billion of Washington State government spending related to the impacts of substance abuse compares with \$2.65 billion spent on higher education, \$1.46 billion spent on Medicaid, and \$1.09 billion spent on transportation.¹



Substance Abuse Results in Significantly Higher State Government Spending on Education, Criminal Justice, and Health.



Source: Data from National Center on Addiction and Substance Abuse at Columbia University, *Shoveling Up: The Impact of Substance Abuse on State Budgets*, 2001.

In 1998, 10% of Washington State government spending, or \$248 for every resident, was related to impacts of substance abuse. Only approximately \$10 of this amount went for prevention and treatment.¹

¹ National Center on Addiction and Substance Abuse at Columbia University. *Shoveling Up: The Impact of Substance Abuse on State Budgets*. New York, NY: 2001.

